

SUBJECT: The Federal Government Tax Exemption Information

References: AR 715-xx section 3-5

- Virginia - Va. Code § 58.1-609.1(4) exempts government entities
- Texas - Texas Tax Code 151.309 exempts governmental entities
- Govt. Entities are not required to PROVE exempt status per Comptroller Rule 3.322(c).

The Federal Government Tax Exemption Information	
Tax Exempt	Not Tax Exempt
Sales Tax	Certain federal and state excise taxes
Federal communications and highway vehicle users tax – FAR 29.203	If you pay for a service, you may pay the tax on labor only for work that is performed in that state. (i.e. New Mexico Gross Receipts Tax (NMGRT))
	The commissary surcharge is a federally mandated charge
	Overseas purchases are not exempt from foreign taxes unless foreign tax agreements so specify
	Tax exemption does not apply at the point of sale for any fuel purchases

**The government does not get a tax-exempt number from each state.** The GPC is embossed with the statement —U.S. GOVERNMENT TAX EXEMPT, and the Cardholder will point this statement out to any merchant that attempts to apply taxes to a purchase. The letters to the States stating that the cards are tax-exempt reference the card’s first four numbers, 4716, on the purchase card as the distinguishing number.

Because the taxable or exempt status of the government purchase cards can be determined by the card account numbers, it is not necessary that federal government entities provide vendors with an exemption certificate when making purchases using such credit cards. You may provide the appropriate letter to a vendor if necessary. Some states may allow business to require certification that the purchase is for the federal government (i.e. Tennessee). The appropriate forms are also part of the letters at the link.

The most current listing of state tax exemption information is located on the GSA SmartPay® website under the GSA SmartPay® Card Services “Tax Information” section - <http://apps.fas.gsa.gov/services/gsa-smartpay/taxletter/letters08.cfm>. For additional state tax source information please visit the following link for the individual state revenue websites - <http://www.irs.gov/taxpros/article/0,,id=100236,00.html>.

### Purchase and Integrated Cards:

Prefix (1 <sup>st</sup> four digits)	Platform	Issuing Bank	Billing Type
4486, 4614 & 4716	Visa	Citibank JP Morgan Chase US Bank	Centrally Billed  (Exempt from Taxes)
5565 & 5568	MasterCard	Citibank JP Morgan Chase US Bank	Centrally Billed  (Exempt from Taxes)

Sales tax cannot be disputed with the card issuing bank. If tax is charged by a supplier and appears on a Cardholder statement, the following steps need to be taken by the Cardholder:

- Contact the supplier and request that a credit be processed for the sales tax charged.
- Maintain written records of communications with suppliers regarding credits for sales tax. If the supplier refuses to issue a credit or does not issue a credit within the next billing cycle, please notify A/OPC concerning your attempts to obtain a credit for the sales tax billed.
- DO NOT place any further orders with the supplier.
- A/OPC will notify all other Cardholders to refrain from doing business with the supplier. Recovering charged sales tax requires time and effort that is not very productive for anyone. It is therefore essential that GPC departments make vendors aware that GPC is exempt from sales tax before making a purchase.